

NEWS RELEASE

From the Office of the Indiana Attorney General

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Attorney General Steve Carter seeks hold on the assets of the Gary Urban Enterprise Association

Action asks for court-ordered receiver following decertification of its 'Zone' status

Indianapolis – Indiana Attorney General Steve Carter has filed a lawsuit against the Gary Urban Enterprise Association (GUEA) and is seeking a court-ordered receiver to oversee the nonprofit's assets on behalf of the citizens and taxpayers of Gary.

"The residents and taxpayers of Gary deserve accountability," Attorney General Steve Carter said. "A court-ordered receiver can provide some assurances that the assets of the organization that had been established for their benefit will be preserved."

In motions filed with the Marion Circuit Court today, the Attorney General is also asking for a temporary restraining order and preliminary injunction against the GUEA, citing financial improprieties and wasting of assets.

The association was created in 1985 and given "Enterprise Zone" status by the Indiana Enterprise Zone Board. This status allowed the nonprofit to oversee a 2.56 square mile tract of commercial, residential and industrial property located in Gary. The association's duties (as stated under Indiana Code 5-28-15-14) include:

- Coordinate zone development activities
- Serve as a catalyst for zone development
- Promote the zone to outside groups and individuals

Revenue for the association had been generated from payments made by local businesses in lieu of inventory taxes.

An independent financial review commissioned by the Indiana Economic Development Corporation (IEDC) found "financial records to be incomplete and inaccurate, and transactions to be unsupported." (*Crowe Chizek report, pp. 3-4*)

The reports findings specifically note:

- Former executive director of GUEA, Inc., Jojuana Meeks along with former board members organized the Urban Development Group, Inc. and transferred nearly \$2 million, including 260 association properties to their newly created group.
- \$264,135 expenditures to improve a property which was used by Meeks as her personal residence.
- \$163,000 in purchases by Meeks on the GUEA credit card which appear to be for personal use.

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- Nearly \$38,000 in excess payments or bonuses to Meeks over a three year period. \$12,500 in bonuses was not reported on any W-2 form.
- \$23,000 in questionable purchases from Sam's Club (Corona and Miller beer, DVDs, television, lobster tails and king crab legs.)
- Nearly half (306) of the 655 GUEA properties are located outside of the Enterprise Zone.

The association's urban enterprise zone status was not renewed by IEDC in September.

"The financial irregularities and questionable actions outlined in the report appear to be a blatant misuse of public funds," Carter added. "The first steps of regaining accountability have been taken on behalf of the residents and taxpayers of Gary."

The lawsuit seeks to have the Attorney General appointed to serve as legal counsel for the receiver to minimize legal costs.

"The review by Crowe Chizek showed that nearly half a million dollars has been paid to the Indianapolis law firm Ice Miller between 2001 and 2004. It is time to reign in these types of expenditures," Carter stated.

The latest IRS filing (2003) available to Crowe Chizek shows the GUEA with more than \$10 million in assets.

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